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NAFA'S ANNUAL OPERATING EXPENSE SURVEY RESULTS

HOW DO YOUR COSTS STACK UP?

SPOTLIGHT ON PUBLIC SERVICE FLEETS

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The National Association of Fleet Administrators, Inc.
120 Wood Ave. South, Iselin, NJ 08830
Telephone: 201-494-8100

Executive Director
DAVID P. LEFEVER

Director of Communications
PHILLIP E. RUSSO

Legal Counsel
WILLARD H. DaSILVA

NAFA Fleet Executive

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Cover design by Jeff Calvert

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NAFA's 1988 Fleet Operating Expense Survey Results

- Survey results show United States sales fleets pay an average of 6.39 cents every mile for every automobile each month for fuel, oil, maintenance and tires.

- A control group of ten U.S. fleet managers said their total average cost for fuel, oil, maintenance and tires is 6.32 cents/mile for each automobile.

- Leasing companies sharing their composite operating expenses with NAFA said their average total cost for fuel, oil, maintenance and tires was 6.82 cents/mile for every car.

- Responding government fleets had the highest total operating expense cents/mile average. Following, from highest to lowest averages were: public utility fleets, law enforcement fleets, "other" fleets, service/repair fleets and sales fleets.

United States sales and service/repair, fleets pay an average of 6.56 cents each mile to operate their automobiles, according to results of NAFA's 1988 Operating Expense Survey.

For the first time, NAFA's Operating Expense Survey details separate expenses for automobiles, vans and light-duty trucks. The distinction between these types of vehicles and their relative operating expenses makes for easier, and more logical, comparison between your fleet's statistics and those represented here. Care should be taken, however, when comparing your fleet costs with the data represented here. As is the case with all surveys, the averages shown are representative of only the respondents, so, while they may be accurate, it is difficult to say whether or not they are representative of the entire industry.

Automobile Expenses

Responding sales fleets pay, on average for each automobile, regardless of its size, 4.22 cents/mile for fuel, 0.19 cents/mile for oil, 1.60 cents/mile for maintenance and repairs and 0.38 cents/mile for tires and tire repairs. Since some responding sales fleets gave only total operating expenses rather than separate expenses for each of the above items, the average total operating expense for each automobile is 6.39 cents/mile, according to results. Each automobile in this category is driven an average of 2,204 miles each month.

For sales fleets keeping their automobile figures in a dollars/month/vehicle system, the average automobile expense list, according to survey results, is: fuel, $95.55/month; oil, $4.78/month; maintenance and repairs, $33.78; and tires and tire repairs, $8.09. Again, since some respondents gave only total dollars/month/vehicle rather than individual expenses for each item, total averagedollars/month/vehicle is $142.46, according to results. Each automobile in this category is driven an average of 2,135 miles each month.

Van Expenses

Responding sales fleets using both mini- and full-vans in their operations said they pay, on average for each van, 6.09 cents/mile for fuel, 0.42 cents/mile for oil, 2.43 cents/mile for maintenance and repairs and 0.50 cents/mile for tires and tire repairs. Average total van expenses, per vehicle per mile, was 9.11 cents. These vans are driven an average of 2,542 miles every month.

Sales fleets using vans and keeping their figures in dollars/month/vehicle form, say they pay, on average for each van, $93.57/month for fuel, $8.74 for oil, $32.85 for maintenance and repairs and $11.26 for tires and tire repairs. Total average dollars/month/vehicle in this category was $157.86. Vehicles in this category are driven an average of 1,970 miles each month, according to results.

Light-Duty Truck Expenses

Sales fleets with light-duty trucks in service said they pay, on average for each truck, 7.61 cents/mile for fuel, 0.23 cents/mile for oil, 2.99 cents/mile for maintenance and repairs and 0.84 for tires and tire repairs. Total average light-duty truck cents/mile expense averaged 11.31. These trucks average 1,920 miles driven each month.

These fleets keeping light-duty truck expenses in dollars/month/vehicle form, say they pay an average of $100.17 for fuel, $6.08 for oil, $29.88 for maintenance and repairs and $14.17 for tires and tire repairs. Total average dollars/month/vehicle in this category was $146.90. Light-duty trucks in this category were driven an average of 2,267 miles every month.

Average Cap Costs

Responding fleets said their average capitalized cost (i.e. original cost) for 1988 model year automobiles was $10,721; for 1988 vans, $13,119; and for 1988 light-duty trucks, $10,467.

Automobiles in responding fleets are depreciated over an average period of 48 months; the most often cited depreciation periods were, however, 50

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Number of Vehicles in Survey

Primary Fleet Use	Company-Owned	Leased	Total
Sales	7,842	27,391	35,233
Service/Repair	13,907	15,468	29,375
Public Utility	26,587	323	26,910
Government	14,463	78	14,541
Law Enforcement	2,554	16	2,570
Other	169	775	944
Total	65,522	44,051	109,573

Types of Vehicles In Responding Fleets

Primary Fleet Use	Sub-Compact	Compact	Mid-Size	Full-Size	Luxury	Total Cars	Mini-Vans	Full-Vans	Total Vans	Light Duty Trucks	Total Vehicles
Sales	1,229	7,034	20,400	740	241	29,644	2,919	2,022	4,941	648	35,233
Service/Repair	91	8,871	11,421	732	137	21,252	1,762	793	2,555	5,568	29,375
Public Utility	5,828	2,436	1,230	177	8	9,679	761	4,590	5,351	11,880	26,910
Government	772	2,999	1,442	2,724	8	7,945	207	1,251	1,458	5,138	14,541
Law Enforcement	2	39	713	1,624	22	2,400	13	51	64	106	2,570
Other	22	31	400	36	21	510	19	327	346	88	944
Total	7,944	21,410	35,606	6,033	437	71,430	5,681	9,034	14,715	23,428	109,573
% of Total	7.3	19.5	32.5	5.5	0.4	65.2	5.2	8.2	13.4	21.4	100.0

Operating Expense Survey

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and 60 months. Vans are depreciated over an average period of 53 months, with 50- and 60-month cycles again the most cited. Light-duty trucks are depreciated over an average period of 58 months, with 50 months the most cited cycle. Fleets depreciate all vehicles in the survey an average of two percent every month; this was by far the most often cited depreciation rate.

More than 88 percent of respondents indicated they are self-insured for property damage to their vehicles, while 61 percent said they administer a safety/accident reduction program for their fleets.

Respondent Demographics

For this year's Operating Expense Survey, fleet managers were asked to choose the category which best described their fleet's *primary* function. Forty-five percent of the respondents said their primary fleet function was sales; 20 percent said service/repair; 14 percent said government; 11 percent said public utility; five percent said law enforcement and five percent said "other." No fleet managers said their primary fleet functions were courier/delivery or executive.

The fleets in this survey control 109,573 vehicles, of which 65,522 are company-owned and 44,051

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Automobile
Average Cents/Mile Cost Per Vehicle
(All Size Vehicles)

Primary Fleet Function	Average Monthly Mileage	Fuel	Oil	Maintenance and Repairs	Tires and Tire Repairs	Total*
Sales	2,204	4.22¢	0.19¢	1.60¢	0.38¢	6.39¢
Service/Repair	2,229	4.47	0.25	1.63	0.38	6.72
Public Utility	1,242	3.99	0.77	1.93	0.41	7.89
Government	3,683	4.34	0.32	2.97	0.46	9.94
Law Enforcement	1,864	4.65	0.19	2.27	0.79	7.66
Other	2,269	4.45	0.33	2.47	0.24	7.53

*When individual average costs are added, their total may not equal the total shown due to the fact that some respondents gave only Total Expenses and not expenses for each item.

Automobile
Average Dollar/Month Cost Per Vehicle
(All Size Vehicles)

	Average Monthly Mileage	Fuel	Oil	Maintenance and Repairs	Tires and Tire Repairs	Total*
Sales	2,135	$ 95.55	$4.78	$33.78	$ 8.09	$142.46
Service/Repair	2,025	120.04	7.47	37.84	10.65	176.38
Public Utility	1,048	36.77	3.08	53.44	8.01	94.25
Government	1,038	54.95	6.00	39.14	5.43	117.20
Law Enforcement	1,108	60.14	1.90	90.59	13.00	163.92
Other	2,777	119.01	2.48	25.26	7.19	153.94

*When individual average costs are added, their total may not equal the total shown due to the fact that some respondents gave only Total Expenses and not expenses for each item.

Operating Expense Survey

(continued from page 8)

are leased. Commercial fleets control 21,918 company-owned vehicles and 43,634 leased vehicles, for a total of 65,552. Public service fleets control 43,604 company-owned vehicles and 417 leased vehicles, for a total of 44,021.

More than 65 percent of the vehicles represented in this survey are automobiles, 21.4 percent are light-duty trucks and 13.4 percent are vans. Of the automobiles, most are mid-size, followed by compacts, full-size, sub-compact and executive. (See chart for actual numbers.) Of the vans, most are full-size, as opposed to mini-vans.

These results reflect only statistics from fleets operating in the United States. Too few responses were received from Canadian fleets to be representative of the industry in that country.

Comparing Expense Lists

As a means of verifying the results of our Operating Expense Survey, NAFA asked several leasing companies to share their composite operating expenses with us. We also devised a "control group" of ten fleet managers, from both the commercial and public fleet sectors, who were known to have accurate, up-to-date operating cost statistics. Following is a detailed comparison of the averages of responding sales fleets, the control group and the leasing companies.

The control group spends an average of 4.22 cents/mile/vehicle (c/m/v) on fuel; fleets in the survey average 4.50 c/m/v; participating leasing companies average 4.64 c/m/v.

For oil, the control group averages 0.22 cents/mile/vehicle, while the survey average is 0.19 c/m/v and leasing companies came in at 0.07 c/m/v.

Vans
Average Cents/Mile Cost Per Vehicle
(Mini- and Full-Size Vans)

	Average Monthly Mileage	Fuel	Oil	Maintenance and Repairs	Tires and Tire Repairs	Total*
Sales	2,542	6.09¢	0.42¢	2.43¢	0.50¢	9.11¢
Service/Repair	2,154	5.71	0.31	2.95	0.71	10.69
Public Utility	1,000	6.05	0.66	4.84	0.98	13.15
Government	1,707	6.60	0.33	4.39	0.53	14.25
Law Enforcement	1,600	4.50	0.50	2.50	0.50	7.50
Other	2,473	6.54	0.75	2.15	0.25	13.41

*When individual average costs are added, their total may not equal the total shown due to the fact that some respondents gave only Total Expenses and not expenses for each item.

Vans
Average Dollar/Month Cost Per Vehicle
(Mini- and Full-Size Vans)

	Average Monthly Mileage	Fuel	Oil	Maintenance and Repairs	Tires and Tire Repairs	Total*
Sales	1,970	$ 93.57	$ 8.74	$32.85	$11.26	$157.86
Service/Repairs	2,583	118.32	14.12	39.00	17.50	173.50
Public Utility	1,101	68.46	6.90	31.72	19.59	144.58
Law Enforcement	NA	NA	NA	NA	NA	NA
Other	NA	NA	NA	NA	NA	NA

*When individual average costs are added, their total may not equal the total shown due to the fact that some respondents gave only Total Expenses and not expenses for each item.

The control group spends an average of 1.52 cents/mile/vehicle on maintenance and repairs; survey respondents average 1.60 c/m/v; leasing companies average 1.82 c/m/v.

With regard to tires and tire repairs, the control group and the survey respondents both average 0.38 cents/mile/vehicle, while the leasing companies average 0.29 c/m/v.

Total operating expenses for the control group 6.32 cents/mile/vehicle; the survey average is 6.39 c/m/v; the leasing companies average 6.82 c/m/v.

The control group is responsible for 24,064 vehicles, of which 21,655 are company-owned and 2,409 are leased; these vehicles are driven an average of 1,451 miles every month. The survey group controls 7,842 company-owned and 27,391 leased vehicles, for a total of 35,233; these vehicles are driven an average of 2,173 miles each month. The leasing companies did not specify the number of vehicles for which their numbers were based, but each vehicle was driven an average of 2,108 miles each month.

Light-Duty Trucks
Average Cents/Mile Cost Per Vehicle

	Average Monthly Mileage	Fuel	Oil	Maintenance and Repairs	Tires and Tire Repairs	Total*
Sales	1,920	7.61¢	0.23¢	2.99¢	0.84¢	11.31¢
Service/Repair	1,866	8.44	0.27	4.70	0.96	15.17
Public Utility	1,070	6.85	0.80	5.32	0.95	13.56
Government	1,946	5.69	0.37	5.19	0.85	13.67
Law Enforcement	1,350	6.00	0.30	3.00	0.70	9.93
Other	NA	NA	NA	NA	NA	NA

*When individual average costs are added, their total may not equal the total shown due to the fact that some respondents gave only Total Expenses and not expenses for each item.

Light-Duty Trucks
Average Dollar/Month Cost Per Vehicle

	Average Monthly Mileage	Fuel	Oil	Maintenance and Repairs	Tires and Tire Repairs	Total*
Sales	2,267	$100.17	$6.08	$29.88	$14.17	$146.90
Service/Repair	NA	NA	NA	NA	NA	NA
Public Utility	2,130	74.49	4.68	36.33	15.94	$157.74
Government	2,325	71.81	6.00	43.06	19.81	$135.44
Law Enforcement	NA	NA	NA	NA	NA	NA
Other	NA	NA	NA	NA	NA	NA

*When individual average costs are added, their total may not equal the total shown due to the fact that some respondents gave only Total Expenses and not expenses for each item.